

# Annual Financial Statements and Additional Information

December 31, 2025

## Diamond Hill Large Cap Concentrated ETF

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This material must be preceded or accompanied by a current prospectus.  
Not FDIC insured | No bank guarantee | May lose value

DIAMOND HILL

# Table of Contents

Our Shared Investment Principles .....	1
<b>Financial Statements</b>	
Schedule of Investments .....	2
Statement of Assets & Liabilities .....	3
Statement of Operations .....	4
Statements of Changes in Net Assets .....	5
Financial Highlights .....	7
Notes to Financial Statements .....	8
Report of Independent Registered Public Accounting Firm .....	18
Additional Information .....	19

**Cautionary Statement:** At Diamond Hill, we pledge that, “we will communicate with our clients about our investment performance in a manner that will allow them to properly assess whether we are deserving of their trust.” Our views and opinions regarding the investment prospects of our portfolio holdings and Fund are “forward looking statements” which may or may not be accurate over the long term. While we believe we have a reasonable basis for our opinions, actual results may differ materially from those we anticipate. Information provided in this report should not be considered a recommendation to purchase or sell any particular security.

You can identify forward looking statements by words like “believe,” “expect,” “anticipate,” or similar expressions when discussing prospects for particular portfolio holdings and/or the Fund. We cannot assure future results. You should not place undue reliance on forward-looking statements, which speak only as of the date of this report. We disclaim any obligation to update or alter any forward-looking statements, whether as a result of new information, future events, or otherwise.

This material is not authorized for distribution to prospective investors unless preceded or accompanied by a Prospectus. Carefully consider the Fund’s investment objectives, risks, and expenses. This and other important information are contained in the Fund’s prospectus and summary prospectus, which are available at [diamond-hill.com](http://diamond-hill.com) or by calling 888.226.5595. Read carefully before investing. The Fund is distributed by Foreside Financial Services, LLC (Member FINRA). Diamond Hill Capital Management, Inc., a registered investment adviser, serves as Investment Adviser to the Fund and is paid a fee for its services. Not FDIC insured | No bank guarantee | May lose value

## **Our shared investment principles**

### **Active, fundamental approach**

An active, research-driven approach that capitalizes on our intellectual curiosity and unique insights is essential to deliver better returns than benchmarks or peers.

### **Ownership**

Investing with an ownership mentality requires deep due diligence to build the conviction needed to invest over the long term.

### **Long term**

Focusing on the long term allows us to look beyond near-term noise, allowing clients to realize the benefits of our deep, disciplined research process.

### **Valuation discipline**

We believe the best way to compound returns is to take an ownership stake in an investment at a discount to its underlying value and have the discipline to wait for that value to be realized.

### **Strategic capacity management**

Prudent capacity management protects our ability to generate competitive long-term investment results for our clients.

# Diamond Hill Large Cap Concentrated ETF

## Schedule of Investments

December 31, 2025

	Shares	Fair Value
<b>Common Stocks — 100.0%</b>		
<b>Communication Services — 4.5%</b>		
Walt Disney Co. (The)	24,187	\$ 2,751,755
<b>Consumer Discretionary — 7.3%</b>		
Amazon.com, Inc. <sup>(a)</sup>	9,390	2,167,400
General Motors Co.	29,204	2,374,869
		4,542,269
<b>Consumer Staples — 10.0%</b>		
Colgate-Palmolive Co.	44,681	3,530,693
Sysco Corp.	36,095	2,659,840
		6,190,533
<b>Energy — 4.8%</b>		
ConocoPhillips	31,480	2,946,843
<b>Financials — 25.6%</b>		
American International Group, Inc.	61,667	5,275,612
Aon plc, Class A	9,984	3,523,154
Berkshire Hathaway, Inc., Class B <sup>(a)</sup>	8,018	4,030,248
Capital One Financial Corp.	12,507	3,031,196
		15,860,210
<b>Health Care — 13.7%</b>		
Abbott Laboratories	28,058	3,515,387
Labcorp Holdings, Inc.	10,059	2,523,602
Zoetis, Inc.	19,657	2,473,244
		8,512,233
<b>Industrials — 14.5%</b>		
Ferguson Enterprises, Inc.	9,954	2,216,059
Union Pacific Corp.	12,557	2,904,685
Waste Management, Inc.	17,432	3,829,985
		8,950,729
<b>Information Technology — 10.7%</b>		
Salesforce, Inc.	10,893	2,885,665
Texas Instruments, Inc.	21,631	3,752,762
		6,638,427
<b>Materials — 4.6%</b>		
Martin Marietta Materials, Inc.	4,611	2,871,085

	Shares	Fair Value
<b>Real Estate — 4.3%</b>		
SBA Communications Corp., Class A	13,657	\$ 2,641,673
<b>Total Common Stocks</b>		
(Cost \$58,780,162)		\$ 61,905,757
<b>Registered Investment Companies — 0.2%</b>		
State Street Institutional US Government Money Market Fund — Premier Class, 3.74% <sup>(b)</sup>	128,415	\$ 128,415
(Cost \$128,415)		
<b>Total Investment Securities — 100.2%</b>		
(Cost \$58,908,577)		\$ 62,034,172
<b>Liabilities in Excess of Other Assets — (0.2)%</b>		
		(98,435)
<b>Net Assets — 100.0%</b>		
		\$ 61,935,737

<sup>(a)</sup> Non-income producing security.

<sup>(b)</sup> The rate shown is the 7-day effective yield as of December 31, 2025.

plc - Public Limited Company

See accompanying Notes to Financial Statements.

# Diamond Hill Large Cap Concentrated ETF

## Statement of Assets & Liabilities

December 31, 2025

### Assets

Investment in securities, at cost	\$ 58,908,577
Investment in securities, at fair value	\$ 62,034,172
Cash	8,001
Receivable for dividends and interest	15,586

### Total Assets

62,057,759

### Liabilities

Distributions Payable	95,397
Payable to Investment Adviser	19,665
Payable to Administrator	1,966
Other accrued expenses	4,994

### Total Liabilities

122,022

### Contingencies and Commitments

### Net Assets

—

\$ 61,935,737

### Components of Net Assets

Paid-in capital	\$ 58,832,320
Distributable earnings	3,103,417

### Net Assets

\$ 61,935,737

Shares of beneficial interest outstanding (unlimited number of shares authorized, no par value)	4,676,310
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Net Asset Value, offering and redemption price per share:	\$ 13.24
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See accompanying Notes to Financial Statements.

# Diamond Hill Large Cap Concentrated ETF

## Statement of Operations

For the year ended December 31, 2025

### Investment Income

Dividends	\$ 717,827
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### Expenses

Investment advisory fees	194,518
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Administration fees	33,836
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Distribution and service fees — Investor	228
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Other fees	7,511
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<b>Total Expenses</b>	<b>236,093</b>
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<b>Net Investment Income</b>	<b>481,734</b>
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### Realized and Unrealized Gains (Losses) on Investments

Net realized gains on investment transactions	1,932,145
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Net realized gains from in-kind redemptions from Predecessor Fund	915,533
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Net realized gains from in-kind redemptions (excluding Predecessor Fund)	856,300
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Net change in unrealized appreciation (depreciation) on unaffiliated investments and foreign currency translations	(797,646)
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<b>Net Realized and Unrealized Gains on Investments</b>	<b>2,906,332</b>
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<b>Change in Net Assets from Operations</b>	<b>\$ 3,388,066</b>
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See accompanying Notes to Financial Statements.

# Diamond Hill Large Cap Concentrated ETF

## Statements of Changes in Net Assets

	For the year ended December 31, 2025	For the year ended December 31, 2024
<b>From Operations</b>		
Net investment income	\$ 481,734	\$ 494,715
Net realized gains on investment transactions	3,703,978	3,850,623
Net change in unrealized appreciation (depreciation) on investments	(797,646)	(312,062)
<b>Change in Net Assets from Operations</b>	<b>3,388,066</b>	<b>4,033,276</b>
<b>Distributions to Shareholders</b>		
ETF (Formerly Class Y)	(1,767,863)	(1,265,759)
Investor	—	(23,844)
Class I	—	(962,772)
<b>Change in Net Assets from Distributions to Shareholders</b>	<b>(1,767,863)</b>	<b>(2,252,375)</b>
<b>Change in Net Assets from Capital Transactions</b>	<b>26,095,753</b>	<b>4,802,352</b>
<b>Total Change in Net Assets</b>	<b>27,715,956</b>	<b>6,583,253</b>
<b>Net Assets:</b>		
Beginning of year	34,219,781	27,636,528
End of year	<b>\$ 61,935,737</b>	<b>\$ 34,219,781</b>
<b>Capital Transactions</b>		
<b>ETF (Formerly Class Y)</b>		
Proceeds from shares sold	\$ 33,847,938	\$ 1,010,694
Reinvested distributions	1,672,466	1,265,759
Payments for shares redeemed	(11,782,328)	(891,649)
Exchanged from Investor Class	117,136	—
Exchanged from Class I	18,749,075	—
<b>Change in Net Assets from ETF (Formerly Class Y) Share Transactions</b>	<b>42,604,287</b>	<b>1,384,804</b>
<b>Investor</b>		
Proceeds from shares sold	12,763	52,740
Reinvested distributions	—	23,844
Payments for shares redeemed	(295,279)	(8,568)
Exchanged to ETF (Formerly Class Y)	(117,136)	—
<b>Change in Net Assets from Investor Share Transactions</b>	<b>(399,652)</b>	<b>68,016</b>
<b>Class I</b>		
Proceeds from shares sold	3,680,569	3,476,796
Reinvested distributions	—	961,290
Payments for shares redeemed	(1,040,376)	(1,088,554)
Exchanged to ETF (Formerly Class Y)	(18,749,075)	—
<b>Change in Net Assets from Class I Share Transactions</b>	<b>(16,108,882)</b>	<b>3,349,532</b>
<b>Change in Net Assets from Capital Transactions</b>	<b>\$ 26,095,753</b>	<b>\$ 4,802,352</b>

# Diamond Hill Large Cap Concentrated ETF

## Statements of Changes in Net Assets (Continued)

	For the year ended December 31, 2025	For the year ended December 31, 2024
<b>Share Transactions:</b>		
<b>ETF (Formerly Class Y)</b>		
Issued	2,558,354	76,774
Reinvested	127,767	96,745
Redeemed	(877,674)	(72,167)
Exchanged from Investor Class	8,461	—
Exchanged from Class I	1,354,321	—
<b>Change in Shares Outstanding</b>	<b>3,171,229</b>	<b>101,352</b>
<b>Investor</b>		
Issued	958	4,004
Reinvested	—	1,819
Redeemed	(22,403)	(612)
Exchanged to ETF (Formerly Class Y)	(8,463)	—
<b>Change in Shares Outstanding</b>	<b>(29,908)</b>	<b>5,211</b>
<b>Class I</b>		
Issued	279,356	269,003
Reinvested	—	73,588
Redeemed	(76,631)	(83,260)
Exchanged to ETF (Formerly Class Y)	(1,356,731)	—
<b>Change in Shares Outstanding</b>	<b>(1,154,006)</b>	<b>259,331</b>
<b>Change in Total Shares Outstanding</b>	<b>1,987,315</b>	<b>365,894</b>

See accompanying Notes to Financial Statements.



# Diamond Hill Large Cap Concentrated ETF

## Financial Highlights

Per Share Data for a Share Outstanding Throughout Each Period:

	Year Ended December 31, 2025	Year Ended December 31, 2024	Year Ended December 31, 2023	Year Ended December 31, 2022	Period Ended December 31, 2021 <sup>(A)</sup>
Net asset value at beginning of period	\$ 12.73	\$ 11.90	\$ 10.29	\$ 11.92	\$ 10.00
Income (loss) from investment operations:					
Net investment income <sup>(B)</sup>	0.16	0.21	0.17	0.14	0.09
Net realized and unrealized gains (losses) on investments	0.97	1.51	1.61	(1.64)	2.01
Total from investment operations	1.13	1.72	1.78	(1.50)	2.10
Variable transaction fees <sup>(B)</sup>	—	—	—	—	—
Less distributions to shareholders from:					
Net investment income	(0.16)	(0.19)	(0.17)	(0.13)	(0.08)
Net realized gains	(0.46)	(0.70)	—	—	(0.10)
Total distributions from shareholders	(0.62)	(0.89)	(0.17)	(0.13)	(0.18)
Net asset value at end of period	\$ 13.24	\$ 12.73	\$ 11.90	\$ 10.29	\$ 11.92
Market price at end of period	\$ 13.25	\$ 12.73	\$ 11.90	\$ 10.29	\$ 11.92
Total return <sup>(C)</sup>	8.97%	14.34%	17.32%	(12.62%)	20.98% <sup>(D)</sup>
Total return at market <sup>(E)</sup>	1.22% <sup>(D)(F)</sup>	NA	NA	NA	NA
Net assets at end of period (000's)	\$ 61,936	\$ 19,164	\$ 16,706	\$ 14,017	\$ 15,898
<b>Ratios/supplementary data:</b>					
Ratio of total expenses to average net assets	0.57%	0.55%	0.56%	0.56%	0.55% <sup>(G)</sup>
Ratio of net investment income to average net assets	1.22%	1.60%	1.57%	1.32%	1.00% <sup>(G)</sup>
Portfolio turnover rate <sup>(H)</sup>	56%	40%	34%	41%	18% <sup>(D)</sup>

<sup>(A)</sup> Inception date of the Fund is February 26, 2021. Fund commenced public offering on May 3, 2021.

<sup>(B)</sup> Per share net investment income and variable transaction fees have been calculated using the average daily shares outstanding during the period.

<sup>(C)</sup> Net asset value total return is calculated assuming an initial investment made at the net asset value at the beginning of the period, reinvestment of all dividends and distributions at net asset value during the period, if any, and redemption on the last day of the period at net asset value. This percentage is not an indication of the performance of a shareholder's investment in the Fund based on market value due to differences between the market price of the shares and the net asset value per share of the Fund.

<sup>(D)</sup> Not annualized.

<sup>(E)</sup> Market value total return is calculated assuming an initial investment made at the market value at the beginning of the period, reinvestment of all dividends and distributions at net asset value during the period, if any, and redemption on the last day of the period at market value. Market value is determined by the composite closing price. Composite closing security price is defined as the last reported sale price from any primary listing market (e.g., NYSE Arca, Inc.) or participating regional exchanges or markets. The composite closing price is the last reported sale price from any of the eligible sources, regardless of volume and not an average price and may have occurred on a date prior to the close of the reporting period. Market value may be greater or less than net asset value, depending on the Fund's closing price on the listing market.

<sup>(F)</sup> Based on the commencement of the ETF through December 31, 2025.

<sup>(G)</sup> Annualized.

<sup>(H)</sup> Portfolio turnover rate excludes securities received or delivered from in-kind processing of creations or redemptions.

# Diamond Hill Large Cap Concentrated ETF

## Notes to Financial Statements

December 31, 2025

### Organization

The Diamond Hill Large Cap Concentrated ETF (the “Fund”) is a non-diversified series of the Diamond Hill Funds (the “Trust”). The Trust is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end management company. The Fund follows accounting and reporting guidance under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification Topic 946, “Financial Services – Investment Companies.” The investment objective of the Fund is to provide long-term capital appreciation. Other series of the Trust are not included in this report.

The Fund is the successor in interest to the Diamond Hill Large Cap Concentrated Fund (the “Predecessor Fund”). The Predecessor Fund was previously organized as a series of the Trust and advised by Diamond Hill Capital Management, Inc. (“DHCM or the “Adviser”). The Board of Trustees of the Trust (the “Board”) approved the reorganization of the Predecessor Fund with and into the Fund, a “shell” series of the Trust, and effective as of the close of business on September 26, 2025, the Fund acquired all or substantially all of the assets and all of the stated liabilities included in the financial statements of the Predecessor Fund (the “Reorganization”). The Predecessor Fund offered three classes of shares, Investor Class, Class I and Class Y. The Fund only offers one class of shares. As part of the Reorganization, all issued and outstanding Investor Class and Class I shares of the Predecessor Fund converted to Class Y shares of the Predecessor Fund. The Fund succeeded to the accounting of the Predecessor Fund and performance history of the Predecessor Fund’s Class Y shares. Any such historical information provided in these financial statements for the Fund that relates to periods prior to September 26, 2025, is therefore that of the Predecessor Fund. The Predecessor Fund had the same investment objectives and substantially similar investment strategies of the Fund. The Predecessor Fund commenced operations in 2021.

The Reorganization was accomplished by a tax-free exchange for 2,576,312 shares at a net asset value per share (“NAV”) of \$13.11 of the Fund to the shareholders of the Predecessor Fund. The net assets contributed resulting from this tax-free transaction on the close of business September 26, 2025, after the reorganization, was \$33,772,486, including net unrealized appreciation (depreciation) of \$3,658,052, undistributed net investment income of \$262 and undistributed realized gains of \$2,693,489. For financial reporting purposes, assets received and shares issued were recorded at fair value; however, the cost basis of the investments was carried forward to align ongoing reporting of the Fund’s realized and unrealized gains and losses with amounts distributable to shareholders for tax purposes.

Shares of the Fund are listed and traded on the New York Stock Exchange Arca, Inc. (“NYSE Arca”). Market prices for the Shares may be different from the net asset value (“NAV”). The Fund issues and redeems shares solely to certain financial institutions such as registered broker-dealers and bank that have entered into agreements with the Fund’s distributor (“Authorized Participants” or “APs”) on a continuous basis at the NAV per share in aggregations of a specified number of shares called “Creation Units”. Creation Units generally are issued in exchange for a basket of securities (“Deposit Securities”), together with the deposit of a specified cash payment (“Balancing Amount”). Shares are not individually redeemable, but are redeemable only in Creation Unit aggregations, and generally in exchange for portfolio securities and a specified cash payment. A Creation Unit of the Fund consists of a block of shares.

# Diamond Hill Large Cap Concentrated ETF

## Notes to Financial Statements (Continued)

December 31, 2025

### Significant Accounting Policies

The following is a summary of the Fund's significant accounting policies:

**Segment Reporting** — The Fund operates as a single operating segment which is defined as a component of a public entity that engages in business activities from which it may recognize revenues and incur expenses, has operating results that are regularly reviewed by the public entity's chief operating decision maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance, and has discrete financial information available. The CODM is the President and Treasurer of the Trust. The Fund's income, expenses, assets, changes in net assets resulting from operations and performance are regularly monitored and assessed as a whole by the CODM responsible for oversight functions of the Fund, using the information presented in the financial statements and financial highlights.

**Accounting Pronouncement** — In December 2023, the FASB issued Accounting Standards Update 2023-09 ("ASU 2023-09"), Income Taxes ("Topic 740") Improvements to Income Tax Disclosures, which amends quantitative and qualitative income tax disclosure requirements in order to increase disclosure consistency, bifurcate income tax information by jurisdiction and remove information that is no longer beneficial. ASU 2023-09 is effective for annual periods beginning after December 15, 2024, and early adoption is permitted. Management concludes that there is no impact on the Fund's financial statements.

**Estimates** — The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

**Security valuation** — The Fund records its investments at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The valuation techniques used by the Fund maximize the use of observable inputs and minimize the use of unobservable inputs in determining fair value. These inputs are summarized in the three broad levels listed below:

- Level 1 — quoted prices in active markets for identical securities
- Level 2 — other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 — significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

Listed securities for which market quotations are readily available are valued at the closing prices as determined by the primary exchange where the securities are traded. Unlisted securities or listed securities for which the latest sales price are not readily available are valued at the closing bid price in the principal market where such securities are normally

Diamond Hill Large Cap Concentrated ETF

Notes to Financial Statements (Continued)

December 31, 2025

traded. Investments in other open-end investment companies are valued at their reported NAV per share. In each of these situations, valuations are typically categorized as Level 1 in the fair value hierarchy.

Debt securities, if any, are valued on the basis of valuations provided by dealers or by an independent pricing service which take into account appropriate factors such as trading activity (i.e., market transactions for normal, institutional-size trading units of similar securities), readily available market quotations (including broker quotes), yield, quality, coupon rate, maturity, type of issue, trading characteristic, call features, credit ratings and other data. Short-term debt investments of sufficient credit quality maturing in less than 61 days may be valued at amortized cost, if amortized cost is determined to approximate fair value. In each of these situations, valuations are typically categorized as Level 2 in the fair value hierarchy.

Securities for which market quotations are not readily available (e.g., an approved pricing service does not provide a price, a price becomes stale, or an event occurs that materially affects the furnished price) are valued by the Valuation & Liquidity Committee of the Adviser. In these cases, the Valuation & Liquidity Committee, established and appointed by the Board, determines in good faith, subject to Trust procedures, the fair value of portfolio securities held by the Fund (“good faith fair valuation”) pursuant to Rule 2a-5 under the 1940 Act. When a good faith fair valuation of a security is required, consideration is generally given to a number of factors, including, but not limited to the following: dealer quotes, published analyses by dealers or analysts of the situation at issue, transactions implicitly valuing the security (such as a merger, tender offer, etc.), the value of other securities or contracts which derive their value from the security at issue, and the implications (whether negative or positive) of the circumstances which have caused trading in the security to halt. Depending on the source and relative significance of the valuation inputs in these instances, the valuations for these securities may be classified as Level 2 or Level 3 in the fair value hierarchy.

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy.

The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities. The following is a summary of the Fund’s investments and the inputs used to value the investments as of December 31, 2025:

	Level 1 - Quoted Prices	Level 2 - Other Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	Total
Investments in Securities (Assets)				
Common Stocks*	\$ 61,905,757	\$ —	\$ —	\$ 61,905,757
Registered Investment Companies	128,415	—	—	128,415
Total	<u>\$ 62,034,172</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 62,034,172</u>

\* See Schedule of Investments for industry classification.

There were no transfers into or out of Level 3 for the year ended December 31, 2025.

## **Diamond Hill Large Cap Concentrated ETF**

### **Notes to Financial Statements (Continued)**

**December 31, 2025**

**Security transactions** — Throughout the reporting period, investment transactions are generally recorded on trade date but no later than the first business day following trade date. For financial reporting purposes, investments are recorded on trade date. The specific identification method is used for determining realized gains or losses for financial statements and income tax purposes. Dividend income and expense are recognized on the ex-dividend date and interest income is recognized on an accrual basis. Non-cash dividends included in dividend income, if any, are recorded at the fair market value of the securities received. Taxes on foreign dividends and/or capital gains have been recorded for in accordance with the Fund's understanding of the applicable country's tax rules and rates. Discounts and premiums on securities purchased are amortized using the daily effective yield method and included in interest income. The Fund records distributions received from investments in real estate investment trusts (also known as "REITs") and partnerships in excess of income from underlying investments as a reduction of cost of investments and/or realized gain. Such amounts are based on estimates if actual amounts are not available, and actual amounts of income, realized gain and return of capital may differ from the estimated amounts. The Fund adjusts the estimated amounts once the issuers provide information about the actual composition of the distributions.

**Share valuation** — The NAV per share of the Fund is calculated daily by dividing the total value the assets, less liabilities, by the number of shares outstanding of the Fund.

**Income taxes** — The Fund may be subject to taxes imposed by countries in which it invest. Such taxes are generally based on income and/or capital gains earned or repatriated. Taxes are accrued and applied to net investment income, net realized gains and unrealized appreciation as such income and/or gains are earned.

The Fund has complied and intends to continue to comply with the requirements of the Internal Revenue Code that are applicable to regulated investment companies and to distribute substantially all of its taxable net investment income and any net realized capital gains to its shareholders.

The Fund recognizes tax benefits or expenses of uncertain tax positions only when the position is "more likely than not" to be sustained assuming examination by tax authorities. Management of the Fund has reviewed tax positions taken in tax years that remain subject to examination by all major tax jurisdictions, including federal (i.e., the previous three tax year ends and the interim tax period since then, as applicable), and has concluded that no provision for unrecognized tax benefits or expenses is required in these financial statements and does not expect this to change over the next twelve months. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense on the Statement of Operations. During the year ended December 31, 2025, the Fund did not incur any interest or penalties.

**Distributions to shareholders** — Dividends from net investment income are declared and paid quarterly by the Fund. Net realized capital gains, if any, are distributed at least annually. Distributions from net investment income and from net capital gains are determined in accordance with U.S. income tax regulations, which may differ from GAAP. These differences are primarily due to deferrals of certain losses. Permanent book and tax basis differences are

**Diamond Hill Large Cap Concentrated ETF**

**Notes to Financial Statements (Continued)**

**December 31, 2025**

reclassified among the components of net assets. The Fund may utilize earnings and profits distributed to shareholders on redemption of shares as part of the dividends paid deduction for income tax purposes.

Allocations — Investment income earned, realized capital gains and losses, and unrealized appreciation and depreciation were allocated daily to each class of shares of the Predecessor Fund based upon its proportionate share of total net assets of the Predecessor Fund. Class specific expenses were charged directly to the class incurring the expense. Common expenses, which were not attributable to a specific class, were allocated daily to each class of shares based upon its proportionate share of total net assets of the Predecessor Fund. Expenses not directly billed to a fund are allocated proportionally among all funds in the Trust daily in relation to net assets of each fund in the Trust or another reasonable measure.

**Investment Transactions**

For the year ended December 31, 2025, purchases and sales of investment securities (excluding short-term securities and in-kind transactions) were as follows:

Purchases of investment securities (excluding in-kind transactions)	<u>\$ 23,849,520</u>
Proceeds from sales of investment securities (excluding in-kind transactions)	<u>\$ 21,669,202</u>

Purchases and sales of securities through in-kind transactions (excluding the Predecessor Fund) for the year ended December 31, 2025 were as follows:

Purchases of in-kind transactions	<u>\$ 29,989,496</u>
Sales of in-kind transactions	<u>\$ 2,201,663</u>

There were realized gains of \$856,300 from in-kind transactions (excluding those in the Predecessor Fund) during the year ended December 31, 2025.

The Fund pays commissions on the purchase and sale of investment securities. The commissions are treated as transaction costs and, therefore, are included as part of the cost of purchases or net proceeds on the sale of investment securities and are not included in the presentation of Fund expenses on the Statement of Operations. The Fund paid \$8,449 in commissions during the year ended December 31, 2025.

**Investment Advisory Fees and Other Transactions with Affiliates**

As of December 31, 2025, the Fund receives investment management and advisory services from DHCM under the amended and restated investment management agreement between the Trust and the Adviser (the “Management Agreement”) that provide for fees to be paid monthly at an annual rate of 0.50% of the Fund’s average daily net assets. The Management Agreement is subject to annual approval by the Board. In addition, the Trust has entered into the Administrative Services Agreement pursuant to which DHCM renders administrative, fund accounting and supervisory services to the Fund, and whereby DHCM is paid a fee monthly at an annual rate of 0.05% of the Fund’s average daily net assets. Pursuant to the Administrative Services Agreement, the Predecessor Fund paid DHCM a fee monthly at an annual rate of 0.21% for Investor shares, 0.17% for Class I shares and 0.05% for Class Y shares of each class’ average daily net assets. These administrative fees are used to pay

# Diamond Hill Large Cap Concentrated ETF

## Notes to Financial Statements (Continued)

December 31, 2025

most of the Fund's operating expenses except advisory fees, fees and expenses of the custodian, brokerage fees and commissions, taxes, borrowing costs (such as interest and dividend expense on securities sold short), expenses related to conducting shareholders' meetings and proxy solicitations, and extraordinary or non-recurring expenses.

Pursuant to Rule 12b-1 under the 1940 Act, the Trust had adopted a distribution plan on behalf of the Predecessor Fund's Investor shares (the "Plan"). Under the Plan, Investor shares paid a distribution fee monthly at an annual rate of 0.25% of Investor shares' average daily net assets. Class I and Class Y shares were not subject to any distribution fees. The Trust had entered into a Distribution Agreement on behalf of the Fund with Foreside Financial Services, LLC ("Distributor"). Pursuant to the Distribution Agreement, the Distributor acts as principal underwriter of the Fund's shares.

The Officers of the Trust are affiliated with DHCM. Such Officers receive no compensation from the Fund for serving in their respective roles.

### Trustee Fees

The Independent Trustees are compensated for their services to the Fund by DHCM as part of the Administrative Services Agreement. The Independent Trustees were paid \$692,000 for the Trust in fees during the year ended December 31, 2025. In addition, DHCM reimburses Independent Trustees for out-of-pocket expenses incurred in conjunction with attendance of meetings.

### Commitments and Contingencies

The Fund indemnifies the Trust's Officers and Trustees for certain liabilities that might arise from their performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enters into contracts that contain a variety of representations and warranties and provides general indemnifications. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.

### Federal Tax Information

The amount and character of income and capital gain distributions paid by the Fund is determined in accordance with Federal income tax regulations, which may differ from GAAP.

The tax character of distributions paid during the years ended December 31, 2025 and 2024 was as follows:

	December 31, 2025	December 31, 2024
Distributions paid from:		
Ordinary income	\$ 386,167	\$ 495,007
Long-term capital gains	1,286,299	1,757,368
Total distributions	<u>\$ 1,672,466</u>	<u>\$ 2,252,375</u>

Diamond Hill Large Cap Concentrated ETF

Notes to Financial Statements (Continued)

December 31, 2025

The following information was computed on a tax basis for each item as of December 31, 2025:

Net unrealized appreciation on investments	\$ 3,104,354
Undistributed ordinary income	94,460
Distributions payable	<u>(95,397)</u>
Distributable earnings	<u>\$ 3,103,417</u>

As of December 31, 2025, the Fund's federal tax cost of investments and net unrealized appreciation (depreciation) on investments were as follows:

Tax cost of investments	\$ 58,929,818
Gross unrealized appreciation	4,090,156
Gross unrealized depreciation	<u>(985,802)</u>
Net unrealized appreciation on investments	<u>\$ 3,104,354</u>

The difference between book basis and tax basis net unrealized appreciation (depreciation) is attributable primarily to the tax deferral of losses on wash sales.

Reclassifications of capital accounts - Reclassifications result primarily from utilization of earnings and profits on shareholder redemptions and redemptions in-kind. The following reclassifications have no impact to the net assets or NAV per share of the Fund and are designed to present the Fund's capital accounts on a tax basis:

<u>Paid-In Capital</u>	<u>Distributable Earnings</u>
\$3,654,111	\$(3,654,111)

Capital Share Transactions

Only certain financial institutions such as registered broker-dealers and banks that have entered into agreements with the APs may acquire shares directly from the Fund and tender their shares for redemption directly to the Fund. Such purchases and redemptions are made at NAV per share and only in large blocks, or Creation Units, of shares. Purchases and redemptions directly with the Fund must follow the Fund's procedures, which are described in the Fund's Statement of Additional Information ("SAI").

A creation transaction, which is subject to acceptance by the Fund's Distributor and the Fund, generally takes place when an AP deposits into the Fund a designated portfolio of securities (including any portion of such securities for which cash may be substituted) and a specified amount of cash approximating the holdings of the Fund in exchange for a specified number of Creation Units. The composition of such portfolio generally corresponds pro rata to the holdings of the Fund. However, the Fund may, in certain circumstances, offer Creation Units partially or solely for cash. Similarly, shares can be redeemed only in Creation Units, generally for a designated portfolio of securities (including any portion of such securities for which cash may be substituted) held by the Fund and a specified amount of cash. Except when aggregated in Creation Units, shares are not redeemable. The prices at which creations and redemptions occur are based on the next calculation of NAV after a creation or



# Diamond Hill Large Cap Concentrated ETF

## Notes to Financial Statements (Continued)

December 31, 2025

redemption order is received in an acceptable form under the AP agreement. Realized gains (losses) resulting from in-kind redemption of shares, if any, are reflected separately on the Statement of Operations.

The Fund charges APs standard creation and redemption transaction fees (“Transaction Fees”) to offset transfer and other transaction costs associated with the issuance and redemption of Creation Units. The standard creation and redemption transaction fees are set forth in the table below. The standard creation transaction fee is charged to the AP on the day such AP creates a Creation Unit, and is the same regardless of the number of Creation Units purchased by the AP on the applicable business day. Similarly, the standard redemption transaction fee is charged to the AP on the day such AP redeems a Creation Unit, and is the same regardless of the number of Creation Units redeemed by the AP on the applicable business day. Creations and redemptions for cash (when cash creations and redemptions (in whole or in part) are available or specified) are also subject to an additional charge (up to the maximum amounts shown in the table below). This charge is intended to compensate for brokerage, tax, foreign exchange, execution, price movement and other costs and expenses related to cash transactions (which may, in certain instances, be based on a good faith estimate of transaction costs).

The Transaction Fees for the Fund are listed in the table below:

Fee for In-Kind and Cash Purchases and Redemptions	Maximum Additional Variable Charge for Cash Purchases *
\$150 In-Kind, \$100 Cash	2.00%

\* As a percentage of the amount invested.

### In-Kind Redemption Transactions

The Predecessor Fund recognized a gain on in-kind redemptions (redemptions in which shareholders who redeemed Predecessor Fund shares received investment securities held by the Predecessor Fund rather than cash) to the extent that the value of the distributed investment securities on the date of redemption exceeds the cost of those investment securities. Such gains were not taxable to the Predecessor Fund and were not required to be distributed to shareholders. The Predecessor Fund reclassified these amounts against paid-in capital on the Statement of Assets and Liabilities. Such reclassification, the result of permanent differences between the financial statements and income tax reporting requirements, had no effect on the Predecessor Fund’s net assets or NAV per share. During the year ended December 31, 2025, the Predecessor Fund realized net capital gains resulting from in-kind redemptions in the amount of \$915,533.

### Borrowings

The Predecessor Fund had an unsecured line of credit up to 20.0% of its net assets, with a total maximum of \$40,000,000.

## **Diamond Hill Large Cap Concentrated ETF**

### **Notes to Financial Statements (Continued)**

**December 31, 2025**

Borrowings under the agreement bear interest at the sum of 0.10% plus the higher of Federal Funds Effective Rate or the Overnight Bank Funding Rate plus 1.25%. The line of credit is available until May 27, 2026, unless extended, when any advances were to be repaid. During the year ended December 31, 2025, no amounts were drawn from the available line by the Predecessor Fund.

In accordance with an exemptive order (the "Order") from the U.S. Securities and Exchange Commission ("SEC"), the Predecessor Fund was able to participate in a joint lending and borrowing facility for temporary purposes (the "Interfund Lending Program"), subject to compliance with the terms and conditions of the Order, and to the extent permitted by the Fund's investment policies and restrictions. A lending fund may lend in aggregate up to 15% of its net assets, but may not lend more than 5% of its net assets to any one borrowing fund through the Interfund Lending Program. A borrowing fund may not borrow through the Interfund Lending Program or from any other source more than 33 1/3% of its total assets (or any lower threshold provided for by the fund's investment restrictions). If a borrowing fund's total outstanding borrowings exceed 10% of its total assets, each of its outstanding interfund loans will be subject to collateralization of at least 102% of the outstanding principal value of the loan. All interfund loans are for temporary or emergency purposes and the interest rate to be charged will be the average of the highest current overnight repurchase agreement rate available to a lending fund and the bank loan rate, as calculated according to a formula established by the Board. During the year ended December 31, 2025, the Predecessor Fund did not participate as lender/borrower in the Interfund Lending Program.

### **Reflow Redemption Services**

The Predecessor Fund participated in the ReFlow Fund, LLC ("ReFlow") liquidity program, which was designed to provide an alternative liquidity source on days when redemptions of the Predecessor Fund shares exceed purchases. Under the program, ReFlow was available to provide cash to the Predecessor Fund to meet all, or a portion, of daily net shareholder redemptions. Following purchases of the Predecessor Fund shares, ReFlow then generally redeemed those shares when the Predecessor Fund experienced net sales, at the end of a maximum holding period determined by ReFlow (currently 8 days) or at other times at ReFlow's discretion. For use of the ReFlow service, the Predecessor Fund paid a fee to ReFlow each time it purchased Predecessor Fund shares, calculated by applying to the purchase amount a fee rate determined through an automated daily "Dutch auction" among other participating mutual funds seeking liquidity that day. The minimum fee rate was 0.14% of the value of the Predecessor Fund shares purchased by ReFlow, although the Predecessor Fund may have submitted a bid at a higher fee rate if it determined that doing so was in the best interest of the Predecessor Fund shareholders. In accordance with federal securities laws, ReFlow was prohibited from acquiring more than 3% of the outstanding voting securities of the Predecessor Fund. ReFlow would periodically redeem its entire share position in the Predecessor Fund and request that such redemption be met in kind in accordance with the Predecessor Fund's in-kind redemption policies. There was no assurance that ReFlow would have sufficient funds available to meet the Predecessor Fund's liquidity needs on a particular day. During the year ended December 31, 2025, the fees associated with ReFlow are disclosed in the Statement of Operations within Other fees.

# **Diamond Hill Large Cap Concentrated ETF**

## **Notes to Financial Statements (Continued)**

December 31, 2025

### **Other Matters**

The value of the Fund's investments may decrease, sometimes rapidly or unexpectedly, due to factors affecting an issuer held by the Fund, particular industries or overall securities markets. When the value of the Fund's investments goes down, your investment in the Fund decreases in value. A variety of factors, including interest rate levels, recessions, inflation, U.S. economic growth, war or acts of terrorism, natural disasters, political events, supply chain disruptions, trade barriers, staff shortages, and widespread public health issues affect the securities markets. These events may cause volatility, severe market dislocations and liquidity constraints in many markets, including markets for the securities the Fund holds, and may adversely affect the Fund's investments and operations. In addition, governmental responses to these events may negatively impact the capabilities of the Fund's service providers, disrupt the Fund's operations, result in substantial market volatility, and adversely impact the prices and liquidity of the Fund's investments.

### **Subsequent Events**

The Fund evaluated events from December 31, 2025 through the date that these financial statements were issued. There were no subsequent events to report that would have a material impact on the Fund's financial statements except for the following:

On December 10, 2025, Diamond Hill Investment Group, Inc. ("Diamond Hill"), First Eagle Investment Management, LLC ("First Eagle") and Soar Christopher Holding, Inc., entered into an Agreement and Plan of Merger pursuant to which Diamond Hill will become a wholly owned subsidiary of First Eagle. Diamond Hill is the parent of DHCM. The transaction is expected to be completed by the third quarter of 2026, subject to customary closing conditions, including obtaining necessary Fund and shareholder consents.

The Management Agreement between the Trust, on behalf of the Fund, and DHCM will automatically terminate upon the closing of the transaction. In order for DHCM to continue to provide investment management services to the Fund after the transaction, shareholders are required by the 1940 Act to approve a new investment management agreement with DHCM.

In anticipation of the transaction described above, the Board, including the trustees who are not "interested persons" as that term is defined in the 1940 Act, (i) approved a new investment management agreement with DHCM; (ii) nominated nine individuals for election to serve as trustees on the new Board; and (iii) authorized a special shareholder meeting at which shareholders of the Fund will be asked to approve the new investment management agreement and elect the nominees. If approved by shareholders, the new investment management agreement and Board will be effective upon the closing of the transaction. Three of the current Trustees of the Trust will serve as emeritus trustees after the closing.

The new investment management agreement is identical in all material respects to the current investment management agreement, except for the commencement and renewal dates. The transaction is not expected to result in any change in the portfolio management of the Fund or in the Fund's investment objectives or policies.

# Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Trustees of  
Diamond Hill Large Cap Concentrated ETF

## Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Diamond Hill Large Cap Concentrated ETF (the “Fund”, formerly Diamond Hill Large Cap Concentrated Fund) as of December 31, 2025, the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for the years ended 2025, 2024, 2023, 2022, and for the period from February 26, 2021 (commencement of operations) through December 31, 2021, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2025, the results of its operations for the year then ended, the changes in net assets for each of the two years in the period then ended, and the financial highlights for the years ended 2025, 2024, 2023, 2022, and for the period from February 26, 2021 (commencement of operations) through December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

## Basis for Opinion

These financial statements are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2025, by correspondence with the custodian. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the auditor of one or more funds advised by Diamond Hill Capital Management, Inc. since 2015.



COHEN & COMPANY, LTD.  
Cleveland, Ohio  
February 13, 2026

# **Diamond Hill Large Cap Concentrated ETF**

Additional Information (Unaudited)

December 31, 2025

## **Proxy Voting**

A description of the policies and procedures that the Adviser uses to determine how to vote proxies and information regarding how the Fund voted proxies for the twelve-month period ended June 30 are available without charge, upon request, by (i) calling 1-888-226-5595; (ii) visiting the Fund's website at <https://www.diamond-hill.com/investment-strategies/documents/funds/>; or (iii) referring to the SEC's website at [www.sec.gov](http://www.sec.gov).

## **Dividends Received Deduction**

For corporate shareholders, 100.00% of ordinary dividends paid by the Fund during the year ended December 31, 2025 qualify for the corporate dividends received deduction.

## **Qualified Dividend Income**

The Fund has designated the maximum amount allowable of its taxable income as qualified dividend income as provided in the Jobs and Growth Tax Relief Reconciliation Act of 2003. This amount was reflected on form 1099-DIV for the calendar year 2025.

## **Capital Gain Distribution**

For the year ended December 31, 2025, the Fund designated \$3,213,025 in long-term capital gain distributions.

## **Changes in and/or Disagreements with Accountants**

There were no changes in and/or disagreements with accountants during the period covered by this report.

## **Proxy Disclosures**

Not applicable.

## **Remuneration Paid to Directors, Officers and Others**

Refer to the financial statements included herein.

## **Trustee Approval of Investment Advisory Agreement**

### *Renewal of Management Agreement for All Funds*

The Board of Trustees of Diamond Hill Funds (the "Trust") requested and the Adviser provided a broad range of information in connection with its consideration of the continuance of the Amended and Restated Investment Management Agreement ("Management Agreement") between the Trust and Diamond Hill Capital Management, Inc. (the "Adviser"), for each series of the Trust (each separately, a "Fund"). In approving the Management Agreement, the Board considered a variety of factors, including those discussed below. The Board also considered other factors (including conditions and trends prevailing generally in the economy, the securities markets, and the industry) and did not treat any single factor as

## Diamond Hill Funds

### Additional Information (Unaudited)

December 31, 2025 (Continued)

determinative, and each Trustee may have attributed different weights to different factors. The Board based its conclusions in part on its consideration of the advisory arrangements in prior years and the Board's ongoing regular review of fund performance and operations throughout the year. The Board reviewed the information at regularly scheduled meetings on July 23, 2025, and August 21, 2025, and by unanimous vote approved continuation of the Management Agreement. In concluding to renew the Management Agreement, the Board discussed the following factors, on a Fund-by-Fund basis:

- a) **Nature, Extent and Quality of Services.** In considering the nature, extent, and quality of services provided by the Adviser to the Trust, the Board reviewed information provided by the Adviser relating to its operations and personnel, descriptions of its organizational and management structure, and information regarding the Adviser's compliance and regulatory history, including its Form ADV. The Board considered the nature, extent and quality of the services provided by the Adviser under the Management Agreement, including a review of the services provided thereunder and the Adviser's overall reputation, integrity, and mission to serve its clients through a disciplined intrinsic-value-based approach to investment. The Board considered the Adviser's experience and the capabilities and qualifications of its personnel, and the Adviser's continued investment of significant resources in human capital to attract and retain top talent. The Board also reviewed the Adviser's succession plan for key investment and management staff. In addition, the Board reviewed information related to the compensation structure for portfolio managers and other key investment personnel. Finally, the Board noted that the Adviser provides administrative services to the Trust under an Amended and Restated Administrative, Fund Accounting and Transfer Agency Services Agreement ("Administration Agreement").
- b) **Investment Performance of the Funds.** In evaluating the performance of each Fund, the Board receives and reviews detailed performance information for each Fund at its regularly scheduled meetings. In connection with the consideration of the Management Agreement, the Board reviewed each Fund's absolute performance, performance relative to its passive benchmark, performance relative to a custom peer group, and performance relative to the Fund's Morningstar category, each as of May 31 and June 30, 2025. The Board concluded that the performance of each Fund is being monitored and reasonably addressed, where appropriate.
- c) **Reasonableness of Investment Advisory Fees.** The Board noted that the contractual fee rate for each Fund under the Management Agreement generally was in line with or below the median rates of the applicable Fund's peer group.
- d) **Reasonableness of Total Expenses.** The Board noted that with the exception of Investor Class shares of three Funds, Class I shares of two Funds and Class Y shares of two Funds, the total expenses for Investor Class, Class I and Class Y shares of all Funds were at or below the average total expenses of comparable funds within each Fund's applicable expense universe.
- e) **Reasonableness of Investment Advisory Fees as Compared to Fees Charged to Other Clients.** The Board reviewed the fees paid by each of the Adviser's other clients, as well as a summary of the differences in services provided and how these differences

## Diamond Hill Funds

### Additional Information (Unaudited)

December 31, 2025 (Continued)

affect fees, including the difference between serving as an adviser versus a sub-adviser. With limited exceptions, the Board observed that the investment advisory fees charged by the Adviser to the Funds were comparable to the investment advisory fees the Adviser charges its other similarly managed accounts (i.e., separately managed accounts).

- f) **Profitability.** The Board considered each Fund's profitability to the Adviser and the Adviser's methodology for calculating its profitability. The Board observed that the Adviser's pre-tax profit margin under the Management Agreement represented a fair and entrepreneurial profit for managing the Funds. The Board discussed that the Adviser is also the administrator to the Funds and the Board reviewed a separate profitability analysis relating to the administrative services provided to the Funds. The Board noted that the profit margin under the Administration Agreement represented a fair and entrepreneurial profit for serving as administrator to the Funds.
- g) **Economies of Scale.** The Board reviewed the potential extent to which economies of scale would be realized as each Fund grows and whether fee levels reflect these economies of scale for the benefit of Fund shareholders. While many advisory firms reduce fees as assets under management increase with predetermined break points, the Adviser has adopted a different strategy. Rather than instituting break points, the Adviser has targeted its advisory fees to correspond to its mission to add value, meaning that rather than charging a lower fee on assets above a certain level, the Adviser prefers to close a strategy to new investors so that it can efficiently manage the Fund's assets and attempt to fulfill its responsibility to add value to existing investors.
- h) **Ancillary Benefits.** The Board considered ancillary benefits received by the Adviser as a result of its relationship with the Funds. The Board noted that, as administrator to the Funds, the Adviser is expected to earn fees from the Funds for providing administrative services. The fees were shown separately in the profitability analysis presented to the Board.
- i) **Large Cap Concentrated ETF.** The Board reviewed a memorandum outlining the proposed fees for the Large Cap Concentrated ETF, a series of the Trust. The Adviser noted the proposed Fund fees and expenses are in line with the peer group average and median management fee. In light of and in reliance on the materials discussed above for the other funds in the Trust, the Board determined that the Management Agreement was fair and reasonable, that the fee received by the Adviser for managing the Large Cap Concentrated ETF was reasonable in light of the services provided to the fund and the benefits received by the Adviser.

In their deliberations, there was a comprehensive consideration of each of the factors above in connection with each Fund, and the Trustees, all of whom qualify as Independent Trustees under the 1940 Act, concluded the compensation to be received by the Adviser from each Fund was fair and reasonable and the continuance of the Management Agreement for all of the Funds was in the best interests of each Fund and its shareholders.

## Diamond Hill Funds

Additional Information (Unaudited)

December 31, 2025 (Continued)

### *Approval of a New Investment Management Agreement*

At meetings held on July 23, 2025 and August 21, 2025, the Board unanimously renewed the current Management Agreement. The Adviser is a wholly-owned subsidiary of Diamond Hill Investment Group, Inc. ("Diamond Hill Group"). Diamond Hill Group, First Eagle Investment Management, LLC ("First Eagle") and Soar Christopher Holdings, Inc., a wholly-owned subsidiary of First Eagle ("Merger Sub"), have entered into an agreement and plan of merger pursuant to which Merger Sub will merge with and into Diamond Hill Group with Diamond Hill Group surviving as a wholly-owned subsidiary of First Eagle (the "Transaction"). The current Management Agreement will automatically terminate as a result of a change in the ownership of the Adviser.

In anticipation of the Transaction, the Board met with First Eagle on January 5, 2026. Among various topics, the Board discussed Diamond Hill's view that continuation of Adviser's services without interruption under the new Management Agreement was desirable and appropriate and in the best interests of the Funds and their shareholders. The Board met with representatives from Diamond Hill and legal counsel on January 14, 2026. At that meeting the Board voted unanimously to approve the new Management Agreement, to become effective upon the closing of the Transaction, and determined to recommend approval of the new Management Agreement to shareholders of each Fund. The terms of the new Management Agreement are identical in all material respects to the terms of the current Management Agreement, except for the dates of commencement and renewal. The Adviser will continue to serve the Funds with no change in the portfolio managers, each Fund's investment objectives and policies, the services provided to the Funds, or the fees charged for the services.

The Board's determination to approve the new Management Agreement followed its consideration of various factors and review of written materials provided by Diamond Hill and First Eagle, including information relating to the Transaction. The Board also reviewed information that it had received in connection with the renewal of the current Management Agreement on August 21, 2025. That information included comprehensive fee, expense and performance information, including information comparing each Fund's expenses and performance to peer funds and benchmarks. In concluding to approve the new Management Agreement, the Board discussed the following factors:

- a) **Nature, Extent and Quality of Services.** In considering the nature, extent, and quality of services provided by the Adviser to the Trust, the Board reviewed information provided by the Adviser relating to its operations and personnel, descriptions of its organizational and management structure, and information regarding the Adviser's compliance and regulatory history, including its Form ADV. The Board reviewed similar information provided by First Eagle. The Board considered the nature, extent and quality of the services provided by the Adviser under the current Management Agreement, including a review of the services provided thereunder and the Adviser's overall reputation, integrity, and mission to serve its clients through a disciplined intrinsic-value-based approach to investment. The Board observed continuity in Diamond Hill's investment personnel. The Board noted that there was expected to be no changes to the nature, extent and quality of services provided by the Adviser under the new Management Agreement. The Board considered the Adviser's experience and the capabilities and qualifications



## Diamond Hill Funds

### Additional Information (Unaudited)

December 31, 2025 (Continued)

of its personnel, and the Adviser's continued investment of significant resources in human capital to attract and retain top talent. The Board also noted the non-investment resources, infrastructure and personnel that would be available to the Funds after the Transaction, including additional personnel in operations, finance, risk management, fund administration, shareholder servicing, legal, compliance, technology, and cybersecurity functions. The Board considered any changes under the new Management Agreement, noting no change in the investment teams managing the Funds. The Board also reviewed the Adviser's succession plan for key investment and management staff. In addition, the Board reviewed information related to the compensation structure for portfolio managers and other key investment personnel, noting any changes anticipated after the closing of the Transaction. Finally, the Board noted that the Adviser would continue to provide administrative services to the Funds under the Administration Agreement, although the Board did note the possibility of future changes to the Adviser's services as the administrator to the Funds.

- b) **Investment Performance of the Funds.** In evaluating the performance of each Fund, the Board receives and reviews detailed performance information for each Fund at its regularly scheduled meetings. In connection with the consideration of the new Management Agreement, the Board reviewed each Fund's absolute performance, performance relative to its passive benchmark, performance relative to a custom peer group, and performance relative to the Fund's Morningstar category, each as of May 31, 2025, June 30, 2025 and November 30, 2025. The Board noted that the Diamond Hill Securitized Total Return Fund was launched on July 1, 2025 and, therefore, does not have performance information as of May 31, 2025 or June 30, 2025. The Board also considered performance of the Funds compared to the performance of similar funds and accounts managed by the Adviser. The Board noted the differences in the returns for the Small Cap collective investment trust as compared to the Diamond Hill Small Cap Fund and questioned management about the outflows from the Large Cap, SMID and Mid Cap strategies. Finally, the Board engaged in a detailed discussion with the Adviser about the reason for the underperformance of the Diamond Hill Large Cap Fund. The Board concluded that the performance of each Fund is being monitored and reasonably addressed, where appropriate.
- c) **Reasonableness of Investment Advisory Fees.** The Board noted no changes to the contractual fee rates for each Fund under the New Management Agreement. The Board reviewed the fees to be paid to the Adviser under the new Management Agreement and compared them to each Fund's peer group. They noted that, except for three of the Funds, the management fees were generally in line with or below the median rates of each Fund's applicable peer group and either at or below their peer group median fees as of November 30, 2025. The Board also noted that all but three Funds were below the average advisory fees of their respective peer group as of November 30, 2025.
- d) **Reasonableness of Total Expenses.** The Board reviewed the total expenses for each share class of each Fund, noting that there were no anticipated changes under the new Management Agreement. The Board noted that with the exception of Investor Class shares of three Funds, Class I shares of two Funds and Class Y shares of two Funds,

## Diamond Hill Funds

### Additional Information (Unaudited)

December 31, 2025 (Continued)

the total expenses for Investor Class, Class I and Class Y shares of all Funds were at or below the average total expenses of comparable funds within each Fund's applicable expense universe.

- e) **Reasonableness of Investment Advisory Fees as Compared to Fees Charged to Other Clients.** The Board reviewed the fees paid by each of the Adviser's other clients previously provided at the July and August 2025 meetings, as well as a summary of the differences in services provided and how these differences affect fees, including the difference between serving as an adviser versus a sub-adviser. With limited exceptions, the Board observed that the investment management fees charged by the Adviser to the Funds were comparable to the investment management fees the Adviser charges its other similarly managed accounts (i.e., separately managed accounts).
- f) **Profitability.** The Board considered each Fund's profitability to the Adviser and the Adviser's methodology for calculating its profitability. The Board observed that the Adviser's pre-tax profit margin under the current Management Agreement and anticipated profitability under the new Management Agreement represented a fair and entrepreneurial profit for managing the Funds. The Board observed that while the Funds' average assets increased by approximately 8% in 2025 compared to 2024, the revenue increased only 2%, as much of the growth was in fixed income funds, which have lower fee rates. The Board discussed that the Adviser would continue to be the administrator to the Funds and the Board reviewed a separate profitability analysis at the November 20, 2025 meeting relating to the administrative services provided to the Funds. The Board noted that the profit margin under the Administration Agreements represented a fair and entrepreneurial profit for serving as administrator to the Funds.
- g) **Economies of Scale.** The Board reviewed the potential extent to which economies of scale would be realized as each Fund grows and whether fee levels reflect these economies of scale for the benefit of Fund shareholders. While many advisory firms reduce fees as assets under management increase with predetermined break points, the Board noted that the Adviser has adopted a different strategy. Rather than instituting break points, the Adviser targets its management fees to correspond to its mission to add value, meaning that rather than charging a lower fee on assets above a certain level, the Adviser prefers to close a strategy to new investors so that it can efficiently manage each Fund's assets and attempt to fulfill its responsibility to add value to existing investors. Additionally, the Board noted First Eagle's investment in a sales and service infrastructure that has the potential to more widely distribute the Funds, which could result in economies of scale. The Board considered the impact of the Transaction, noting that it expected to result in potential operational economies of scale because of the long-term efforts to integrate the operations and systems of the Adviser and First Eagle toward a single operational platform for the benefit of the Funds and their shareholders.
- h) **Ancillary Benefits.** The Board considered ancillary benefits received by the Adviser as a result of its relationship with the Funds. The Board noted that, as administrator to the Funds, the Adviser is expected to earn fees from the Funds for providing administrative services. The fees were shown separately in the profitability analysis presented to the Board. The Board also noted that the Funds' support structure and compliance program has helped the Adviser develop and launch other investment products, including

## **Diamond Hill Funds**

### **Additional Information (Unaudited)**

**December 31, 2025 (Continued)**

a collective investment trust and a closed-end fund, and to provide model delivery services in the same strategies as the Funds. The Board considered the anticipated ancillary benefits as a result of the Transaction, which include (i) continuity of portfolio management and operating efficiencies due to the greater scale of the resulting combined organization that may be achieved following the Transaction; (ii) increased distribution capabilities, including a significant network of intermediary relationships, which may provide additional opportunities for the Funds to grow assets and lower fees and expenses through increased economies of scale; (iii) the speed with which First Eagle can get new products and strategies to scale, which reduces the expenses associated with those products and strategies, and (iv) increased opportunities for asset growth due to the increased number of funds in the Fund Complex and economies of scale through the potential to negotiate lower fee rates from service providers and to determine fees based on the assets of a larger fund complex.

In their deliberations, there was a comprehensive consideration of each of the factors above in connection with each Fund, and the Board, all of whom qualify as Independent Trustees under the 1940 Act, concluded the compensation to be received by the Adviser from each Fund was fair and reasonable and the approval of the new Management Agreement for all Funds was in the best interests of each Fund and its shareholders.

In reaching its conclusions, with respect to each Fund, the Board did not identify any single controlling factor. Rather, the Board noted that a combination of factors influenced its decision-making process. Based upon its review of the factors discussed above and any other factors deemed relevant, the Board, including a majority of the Independent Trustees, determined that the new Management Agreement was fair and reasonable, that the Adviser's management fees are reasonable in light of the services provided to the Funds and the benefits received by the Adviser, and that approval of the new Management Agreement would be in the best interests of the Funds.

# DIAMOND HILL

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